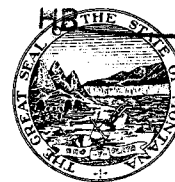




Dan Bucks
Director

Montana Department of Revenue



Brian Schweitzer
Governor

EXHIBIT 16
DATE 2.20.07
HB 270

Memorandum

TO: Representative Lange
Members of the House Tax Subcommittee on HB270

FROM: Barbara Wagner, Tax Policy Analyst

DATE: February 12, 2007

SUBJECT: Updated fiscal estimates from Representative Lange

I was able to meet with Representative Lange on Friday to discuss the proposed amendment to HB270. This memorandum describes his proposed changes in detail and provides the fiscal estimates. In general, Representative Lange proposes to amend HB270 to lower the cost of the employer credit and to fix the marriage penalty for the individual credit. The updated costs are shown in table 1.

Table 1: Estimated Fiscal Impact of HB270 as Amended				
	FY2008	FY2009	FY2010	FY2011
Individual Credit	(12,485,977)	(26,238,637)	(26,598,671)	(26,962,379)
Employer Credit	(8,314,573)	(17,472,616)	(15,258,194)	(12,797,297)
Total	(20,800,550)	(43,711,253)	(41,856,865)	(39,759,676)

Employer Credit:

Representative Lange would like to establish a credit for employers providing health insurance according to the following schedule:

	Employers Providing Insurance for Past 2 Years	Employers not Providing Insurance for both of the Prior 2 Years
Employees	\$50 per year	\$100 per year <i>2 yrs</i>
Spouses	\$50 per year	\$100 per year
Dependents	\$20 per year	\$40 per year

If an employer has not provided insurance for both of the prior two years, the employer would be eligible for the \$100 per year per employee credit. If the employee has provided insurance for both of the prior two tax years, the employer would be eligible for the \$50 per year per employee